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Machinery industry: Restored sufficiently to meet local demands. Lacks equipment to make small-sized machinery.

Chemical industry: More than 20 percent of liquid fuel and 50 percent of acid and soda manufacturing plants restored. Others in operation include breweries and plate-glass, paper, rubber, cement, and ceramics factories.

Textile industry: Many wool and cotton spinning and weaving mills now operating. Total number of spindles, 100,000.

Lumber industry: Developed extensively. Many forest railroads installed. Production enhanced by peasant tree-cutters during winter months.

2. Universal Participation in Production

Under the motto, "Universal Participation in Production," Northeast authorities are encouraging production increases. Forty-two percent of this year's annual budget is being used for this purpose.

One reason why production is increasing is that there is more demand for consumers' goods. The earlier liberation of Manchuria, the completion of land reforms, and the liberation of peasants have resulted in higher living standards and increased purchasing power. The demand for goods hastened the development of light industries for making consumers' goods.

Another important factor in increased production is that the workers of the proletariat class have taken a new attitude toward labor. Nowadays, factory managers have trouble persuading workers to leave before the next shift arrives. Most workers come early and leave late, working 10 to 11 hours a day.

3. New Management System

After the liberation, a new factory management system was established. The system calls for the administration of each factory by an administrative committee composed of the factory manager, foremen, engineers, and workers' representatives. The factory manager acts as chairman of the committee. Closer cooperation between labor and management has minimized labor disputes.

Wages have been revised three times and increased six-fold since the liberation. At first, wages were paid in goods. Next, they were paid in "goods scrip", ranging from 40 to 400 units per person depending on ability. In the third stage, which began this year, wages were paid half in currency and half in "goods scrip", ranging from 60 to 630 units. The present wage scale takes care of other needs of workers besides daily necessities.

The workers receive other compensation, such as workers' insurance for workers in state-owned enterprises, beginning in July 1949; free medical care; and the payment of expenses involving births, deaths, care of aged and sick by labor unions. In addition, the factories provide nursery schools, training classes, clubs, living quarters, and recreation halls for workers and families.

4. Planned Production

Beginning this year, the Northeast authorities have started a 3-year plan similar to that of the Soviet planned economy. This plan is based on unity, organization, and planning, and on putting the needs of the nation before those of individual factories. Industries must raise the quality of goods and reduce costs, but need not worry about increasing raw materials, transportation, or motive power sources.

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Since Northeast China has many large state-owned factories, production increases can be planned easily. There are, however, many private industries to consider. Authorities are hoping that these private industries will contribute to the national economy. Every assistance will be given to these private enterprises so that they can develop along with state-owned industries.

5. Difficulties

There are many obstacles which need to be overcome in attaining full development of the Northeast industries. The most important obstacles are the lack of skilled workers, equipment, and raw materials. Electricians and mechanics are especially needed at this time. In the past many Japanese technicians were used, but most of them have returned to Japan. Some Soviet technicians are working for the Chinese Ch'ang-ch'un Railroad.

As for the lack of equipment and raw materials, the Northeast authorities are making every effort to produce rubber, mica, composite steel, and other such materials without foreign aid.

GIVES ESTIMATED PRODUCTION BY END OF 1949 -- Ta Kung Pao, 4 Aug 49

The present condition of industries in the Northeast is as follows:

1. Iron and Steel

Of the 13 refining furnaces, five can be rehabilitated in 1949. The four producing furnaces (two at An-shun -- one 600-ton, one 400-ton; and two at Pen-ch'i -- both 200-ton) will be able to turn out 4,000 tons of cast iron by the end of 1949. Steel refineries can produce 82,756 tons of regular and special steels, and 89,000 tons of steel products and castings. In 1950, our recovery will reach the goal of 350,000 to 400,000 tons (including 100,000 tons of special steels).

2. Coal

By the end of 1949, the nine coal mines operated by the Central People's Government will turn out 9 million tons; mines operated by the provinces will turn out 1,500,000 tons.

3. Nonferrous Metals

By the end of 1949 we will have refined 1,500 tons of copper from rock ores and 1,600 tons electrolytically.

4. Electricity

Equipment to be rehabilitated by the end of 1949 will produce 620,000 kilowatts. At present the normal output is 180,000 kilowatts; peak capacity, 340,000 kilowatts.

5. Forests

Will produce 4,090,000 cubic meters of lumber in 1949.

6. Paper

In 1949, 26,500 tons of paper pulp will be produced. The 1950 estimate is 50,000 tons of paper pulp and 35,000 tons of paper of all types.

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7. Machinery

In 1949, the emphasis will be on the manufacture of mining and machine-making equipment. Production of machine-making and other equipment (about 2,500 machines) will be the basis for future development of the industry.

REHABILITATION OF NORTHEAST ELECTRIC POWER INDUSTRY -- Wen-hui Pao, 4 Aug 49

A part of Central Manchuria's electricity-generating equipment totaling 220,000-kilowatt capacity has been moved to Southern Manchuria. One generator of 5,000 kilowatts has been rehabilitated at the Fu-shun plant, and one 15,000-kilowatt generator at the Pei-p'iao plant, more evenly distributed the supply of electric power in Central and Southern Manchuria and increasing the supply to the industrial areas of Southern Manchuria.

For mines operated by the national government, and for essential local industries and those activities closely connected with communications, 112,275 transformers have been installed, which represents half of the 1949 estimate. For those activities ranking next in importance, 71,425 transformers have been installed. Rehabilitation of main transformer No 2 at Ch'ang-ch'un guarantees electric power for the Ch'ang-ch'un, Chi-lin, Hsi-an, and Ssu-p'ing areas. This further permits the Ha-erh-pin, Fu-shun and Hsi-an areas to increase their hydroelectric output. Ch'ang-ch'un and Ha-erh-pin have stopped generating electricity by burning fuel, and Hsi-an and Fu-shun have cut down steam electric generation. Consequently, the Ha-erh-pin and Ch'ang-ch'un equipment can be moved to Southern Manchuria.

Approximately 102.16 miles of high-tension lines have been strung already, representing a little more than 54 percent of the estimate for all 1949. This timely installation of electric lines has had a great influence on mining recovery. The copper mine at Fu-jung could not operate before these lines were put into service. In addition, approximately 18.33 miles more of wiring have been put in service. Another important construction project is the repair of the Hsiao-feng-man Hydroelectric Power Plant Dam. Already, 21,298 cubic meters of concrete have been used in reconstruction work on the dam. This represents 42.5 percent of the 1949 reconstruction estimate on this project.

FU-JUNG COPPER MINE RESUMES OPERATION -- Wen-hui Pao, 4 Aug 49

The Fu-Jung copper mine, which is under the jurisdiction of the Northeast Nonferrous Metals Administration Bureau, formally began operations in July 1949 after having been under repair for 6 months. At present, the bureau has sent technicians to the mine to make geological examinations. It was decided to look for ore in July and August, and to begin extracting by the end of September. The 1949 estimate for copper production was 150 tons.

This mine is one of the Northeast's three major copper mines and is located in Chuang-ho Hsien, Liaotung Province. The deposit is comparatively rich, and the quality of the ore is among the highest of any from the mines already being operated in the Northeast. Ores will be put through a water-wash process and sent to the refinery at Sheng-yang.

SKILLED WORKERS RECRUITED FOR MANCHURIAN INDUSTRIES -- Ta Kung Pao, 1 Aug 49

Some 60 scientists and technical men met in Shang-hai yesterday to hear a report on Manchurian industry from two men sent here to recruit skilled workers.

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In a 2-hour talk, they pictured Manchurian industry as making constant progress. Because of well-planned governmental control, the contribution by the government of 42 percent of the budget for production, and the earnest zeal shown by workers, a restoration and growth of the entire mining and other industries of the Northeast is guaranteed in the next 2 or 3 years. Because of this industrial growth, a shortage of labor exists. Skilled workers, especially mechanics and electricians, are much needed. It is hoped that skilled workers in Shang-hai will respond to this need. As of yesterday, 60 persons had indicated a desire to go to the Northeast.

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